



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

March 26, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Maryland Bank and Trust Company, National Association
Charter Number 23430**

**46930 S. Shangri La Drive
Lexington Park, MD 20653**

**Office of the Comptroller of the Currency
Maryland/National Capital Area Field Office
250 E Street, SW
Washington, D.C. 20219**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Satisfactory.

The major facts that support this rating include:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the assessment area credit needs.
- The bank made a substantial majority of its loans within its assessment areas (AAs).
- The distribution of borrowers reflects, given the demographics of the AAs, excellent penetration among individuals of different income levels and businesses of different sizes
- The geographic distribution of loans reflects excellent dispersion throughout the AAs.
- The bank's community development (CD) performance demonstrates adequate responsiveness to community development needs in the AAs.

SCOPE OF EXAMINATION

At the bank's request, conclusions regarding the bank's lending performance are based on Home Mortgage Disclosure Act (HMDA) loans reported from January 1, 2003 through December 31, 2006, small business loans reported from January 1, 2003 through December 31, 2006, and consumer loans reported from January 1, 2003 through December 31, 2006.

The evaluation period for the Lending Test, with the exception of CD loans, is based on two distinct time periods: January 1, 2003 through December 31, 2003 (2003 Evaluation Period) and January 1, 2004 through December 31, 2006 (2004-2006 Evaluation Period). The 2000 US Census demographic information was used for both the 2003 and the 2004-2005 Evaluation Periods. However, the 2004-2005 Evaluation Period is evaluated using the revised Metropolitan Statistical Areas (MSA) boundaries as defined by the U.S. Office of Management and Budget (OMB). Due to the significant changes in the boundaries and in the demographic information between the two time periods, the loan data was analyzed separately.

The evaluation period for the CD test was January 19, 2004 through March 26, 2007. Included in this test were loans, services, investments, grants, and donations made in the bank's assessment (AA) area that meet the definition of community development.

DESCRIPTION OF INSTITUTION

Maryland Bank and Trust Company, N.A. (MBT) is a \$306 million institution headquartered in Lexington Park, Maryland. MBT is 100% owned by Maryland Bankcorp, Inc., a single bank holding company. The bank was chartered in 1959, and is a full service, intrastate community bank. MBT's primary focus continues to be serving the needs of its community by offering a full line of traditional banking products and services to both consumer and commercial customers.

MBT operates eleven full service branches in Prince George's, Calvert, Charles, and St. Mary's counties. To better serve its community, MBT opened two full service branches and closed a walk-up branch since the last performance evaluation in 2002. The bank also maintains 24-hour ATMs at 10 of 11 branches, and five remote cash dispensing ATMs within the AA. During 2005, the La Plata Branch relocated from a mobile branch location into the La Plata business district at the new Baldus Center. This move came about as a result of a tornado that struck the town of La Plata and destroyed the bank's branch office location during 2002. MBT continues to seek opportunities to open additional branch sites throughout the AA.

As of December 31, 2006, total assets were \$305.7 million with gross loans of \$189.8 million and deposits of 259.9 million. Lending activity remains centered in real estate secured loans, (i.e. commercial real estate and residential real estate loans). The following is a breakdown of MBT's loan products and percentages of the total loan portfolio:

Loans secured by Real Estate:		Non-Real Estate Loans:	
Construction and Land Development	11%	Business	13%
1-4 Family Residential	36%	Consumer	3%
Home Equity	4		
Non-Farm, Non-Residential	33%		

There were no economic or legal impediments inhibiting the bank's ability to identify and satisfy community credit needs.

The previous CRA performance evaluation was completed as of January 19, 2004 and a rating of "Outstanding" was assigned.

DESCRIPTION OF THE AA

MBT has two defined assessment areas for the purposes of CRA. The first assessment area includes the lower portion of Prince George's County as well as all of Charles and Calvert counties. This AA is part of the Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area (MSA 47894), and is referred to as the Southern Maryland MSA. The second assessment area includes St. Mary's County, which is located in a Non-Metropolitan Statistical Area. This assessment area is referred to as St. Mary's County Non-MSA. There have been no changes to the assessment area since the last performance evaluation. The assessment area

complies with the legal requirements of CRA and does not arbitrarily exclude low- or moderate-income geographies.

Southern Maryland MSA

<i>Selected Characteristics by Income Category of the Census tract: 2000 U.S. Census Data and Updated MSA Boundaries</i>					
<i>Geographic Income Category</i>	<i>Percentage</i>				
	<i>Census tracts</i>	<i>Population</i>	<i>Families by Income Level</i>	<i>Distribution of Low and Moderate Families</i>	<i>Owner- Occupied Units</i>
<i>Low</i>	0.00	0.00	15.95	0.00	0.00
<i>Moderate</i>	10.20	8.32	19.47	13.69	7.00
<i>Middle</i>	73.47	77.78	27.06	78.51	77.75
<i>Upper</i>	16.33	13.90	37.52	7.80	15.25
<i>NA</i>	0.00	0.00	0.00	0.00	0.00
<i>Total</i>	100.00	100.00	100.00	100.00	100.00%

Based on the 2000 U.S. Census Data and the pre-2004 MSA changes, there were a total of 49 census tracts in this AA. There were no low-income tracts, 5 or 10.20% were moderate-income tracts, 38 or 77.55% were middle-income tracts, and 6 or 12.24% were upper-income tracts.

Based on the 2000 U.S. Census Data and the new MSA boundaries, there are a total of 49 census tracts in this AA. There are no low-income tracts, 5 or 10.20% are moderate-income tracts, 36 or 73.47% are middle-income tracts, and 8 or 16.33% are upper-income tracts. The 5 moderate-income tracts are located exclusively in Charles County.

The 2000 U.S. Census Data reported the total population of the AA at 232,710. This population was comprised of 79,590 households, and 62,869 families. Of the 62,869 families in the AA, 16% or 10,030 are low-income, 19% or 12,238 are moderate-income, 27% or 17,010 are middle-income, and 38% or 23,591 are upper-income. Further, only 3,048 out of the 22,268 low-and moderate-income families reside in moderate-income geographies. Approximately 4% of households are below poverty level.

There are 84,489 housing units, of which, 95% are one-to-four family units. The breakdown of these family units is: 78% are owner-occupied units, 18% were rental units, and 6% are vacant housing units. There are only 8,236 housing units located in the moderate-income geographies. Further, only 55.94% or 4,607 of these 8,236 housing units are owner-occupied and 10.41% or 857 are vacant units. Based on this information, the opportunities for a lending institution to originate home mortgage products in these moderate-income geographies are limited. The median housing cost is \$163,671.

The median family income was \$71,100, and the HUD updated MSA median family income is \$88,200. There is a lack of affordability for a low-income individual or family to purchase a home when the median housing value is \$163,671 and a low-income individual or family earns

less than \$44,100.

According to the 2006 Business Geodemographics, there are a total of 15,666 businesses and 404 farms in the AA. Approximately 11% or 1,732 of the businesses are located in moderate-income tracts, 72% or 11,286 are located in middle-income tracts, and 17% or 2,657 are located in upper-income tracts. Approximately 70% of the businesses reporting have revenues less than \$1 million.

There are a total of 9 branches in this AA, accounting for 82% of the bank's branches. A full line of traditional banking products and services are offered at all branches. All of the branches have extended hours of operations at least one day per week, as well as Saturday morning hours. All 9 branches have ATMs. There are 3 additional ATMs located in the AA. Drive-up services are offered at eight of the nine branches.

Southern Maryland continues to experience significant growth, and the local economy remains strong. As of December 31, 2006, the unemployment rate was 2.8%, 2.9% and 3.9% for Calvert, Charles, and Prince George's counties, respectively. The unemployment rate for the State of Maryland was 3.6%, and the national unemployment rate of 4.5%.

The largest employers in Charles County include the Naval Surface Warfare Center in Indian Head, Naval Ordnance Station, Automated Graphics Systems, Potomac Electric Company, and Southern Maryland Oil. Residents of Charles County work in many diverse facilities in close proximity such as NAVAIR in St. Mary's County, the Navy Proving grounds across the Potomac River in Dahlgren, Virginia, Andrews Air Force Base in nearby Prince George's County and Washington, DC. In Calvert County, the largest employers include Calvert Cliffs Nuclear Power Plant, Baltimore Gas and Electric, Calvert Memorial Hospital, the Chesapeake Biological Laboratory, Dyncorp, Direct Mail Management, and Calvert Nursing Center. Residents of Calvert County also work in Washington D.C., and at the NAVAIR facilities in St. Mary's County. Employers in Prince George's County include the University of Maryland at College Park, one of the nation's leading research universities, NASA's Goddard Space Flight Center, Beltsville Agricultural Research Center, Verizon, and Giant Food.

Competition is strong in this area. MBT faces competition with larger national, regional, and community banks, including Bank of America, Branch Banking and Trust, Community Bank of Tri-County, County First Bank, and Mercantile Southern Maryland Bank.

According to the June 30, 2006 FDIC Summary of Deposit Market Share report, MBT ranks 5th out of 13 institutions in Charles County with a deposit market share of 8.73%. In Charles County, MBT is in competition with Bank of America who ranks 1st with a deposit market share of 16.11%, Branch Banking and Trust Company who ranks 2nd with a 15.48% market share, Mercantile Southern Maryland Bank, who ranks 3rd with a deposit market share of 13.80%, and Community Bank of Tri-County, who ranks 4th with a deposit market share of 12.51%.

In Calvert County, MBT ranks 7th out of 9 institutions with a market share of 2.17%. Institutions ranking above MBT include: Mercantile Southern Maryland Bank, who ranks 1st with a deposit market share of 37.59%, Bank of America, who ranks 2nd with a deposit market share of 24.73%, and Suntrust Bank, who ranks 3rd with a deposit market share of 11.93%.

In Prince Georges County, MBT ranks 19th out of 21 institutions with a market share of .27%. Institutions ranking above MBT include: Bank of America, who ranks 1st with a deposit market share of 25.66%, Suntrust Bank, who ranks 2nd with a deposit market share of 20.21%, Chevy Chase Bank, who ranks 3rd with a deposit market share of 14.01%, and Branch Banking and Trust Company, who ranks 4th with a deposit market share of 12.56%.

During this examination, we made one community contact and we conducted internal research to determine the credit needs of this area. Based on our community contact and our internal research, we determined there is an overall need for small businesses loans, education on how to qualify for and how to obtain small business loans, and affordable housing.

St. Mary's County Non-Metropolitan Statistical Area

<i>Selected Characteristics by Income Category of the Census tract: 2000 U.S. Census Data and Updated MSA Boundaries</i>					
<i>Geographic Income Category</i>	<i>Percentage</i>				
	<i>Census tracts</i>	<i>Population</i>	<i>Families by Income Level</i>	<i>Distribution of Low and Moderate Families</i>	<i>Owner-Occupied Units</i>
<i>Low</i>	0.00	0.00	12.42	0.00	0.00
<i>Moderate</i>	6.67	3.82	14.03	5.61	0.03
<i>Middle</i>	33.33	35.63	22.19	43.15	30.51
<i>Upper</i>	60.00	60.55	51.36	51.25	69.46
<i>NA</i>	0.00	0.00	0.00	0.00	0.00
<i>Total</i>	100.00	100.00	100.00	100.00	100.00%

Based on the 2000 U.S. Census Data and the pre-2004 MSA changes, there were a total of 15 census tracts in this AA. There were no low-income tracts, 1 or 7% was a moderate-income tracts, 5 or 33% were middle-income tracts, and 9 or 60% were upper-income tracts.

Based on the 2000 U.S. Census Data and the new MSA boundaries, there are a total of 15 census tracts in this AA. There are no low-income tracts, 1 or 7% is a moderate-income tract, 5 or 33% are middle-income tracts, and 9 or 60% are upper-income tracts. .

The 2000 U.S. Census Data reported the total population of the AA at 86,211. This population was comprised of 30,736 households, and 22,590 families. Of the 22,590 families, 12% or 2,806 families in the AA are low-income, 14% or 3,170 are moderate-income, 22% or 5,012 are middle-income, and 51% or 11,603 are upper-income. Further, only 335 out of the 5,976 low- and moderate-income families reside in the moderate-income geography. Approximately 6.75% of the households are below poverty level.

There are 34,081 housing units, of which, 90% are one-to-four family units. Of these units, 65% are owner-occupied, 28% are rental, and 10% are vacant housing. There are only 1,324 housing

units located in the moderate-income geography. Further, only .53% or 7 of these 1,324 housing units are owner-occupied and 23.79% or 315 are vacant units. Based on this information, the opportunities for a lending institution to originate home mortgage products in this moderate-income geography are very limited. The median housing cost is \$146,907.

The median family income was \$50,103, and the HUD updated MSA median family income is \$61,500. There is a lack of affordability for a low-income individual or family to purchase a home when the median housing value is \$146,907, and a low-income individual or family earns less than \$30,750.

According to the 2006 Business Geodemographics, there are a total of 4,528 businesses and 148 farms in the AA. Approximately 4% or 171 businesses are located in moderate-income tracts, 32% or 1,465 are located in middle-income tracts, and 64% or 2,892 are located in upper-income tracts. Approximately 65% of the businesses reporting have revenues less than \$1 million.

There are a total of 2 branches in this AA, accounting for 18% of MBT's total branches. A full line of traditional banking products and services are offered at all branches. Both branches have extended hours of operations at least one day per week, as well as Saturday morning hours. There are ATMs at each of the branches, and there are an additional 2 ATMs located at St. Mary's College of Maryland. Drive-up services are offered at both branches.

St. Mary's County is home to the U.S. Naval Air Systems Command and the Naval Air Warfare Center Aircraft Division. Other employers include Lundeberg School of Seamanship, St. Mary's Hospital, St. Mary's College of Maryland, and Meride Mailing.

As of December 31, 2006, the unemployment rate for St. Mary's County was 3.0%, compared to the state of Maryland's unemployment rate of 3.6% and the national unemployment rate of 4.5%.

The Lexington Park area of St. Mary's county has been designated an Enterprise Zone. The Enterprise Zone was a joint effort between the State of Maryland and local governments to provide tax incentives to businesses and property-owners located in some of the state's most economically distressed communities. The primary benefit to businesses that are located within the Enterprise Zone is being eligible for local property tax credits and state income tax credits. Eligible businesses in an Enterprise Zone may claim one-year or three-year tax credits for wages paid to new employees in new positions. The general credit is a one-time \$1,000 credit per new worker. For economically disadvantaged employees, the credit increases to a total of \$6,000 per worker distributed over three years. Eligible businesses in an Enterprise Zone may claim a ten-year credit against local real property taxes on a portion of real property improvements. MBT has supported the revitalization of this area by providing 32 loans for a total of \$9.4 million to businesses located in the Enterprise Zone.

Competition in St. Mary's County continues to be strong. According to the June 30, 2006 FDIC Summary of Deposit Market Share report, MBT ranks 4th out of 9 institutions with a deposit market share of 10.46%. The top institutions are Mercantile Southern Maryland Bank, who ranks 1st with a deposit market share of 28.20%, Bank of America, who ranks 2nd with a deposit market share of 21.08%, and Community Bank of Tri-County, who ranks 3rd with a deposit market share of 15.04%.

During this examination, we made one community contact and we conducted internal research to determine the credit needs of this area. Based on our community contact and our internal research, we determined there is an overall need for small businesses loans and funding and small business loans to support the revitalization efforts in the Enterprise Zone. In particular, the organization we contacted indicated they need financial, technical, and lending expertise on their Board of Directors as well as some of their other committees.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Lending Test

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. An analysis of MBT's loan-to-deposit ratio from the first quarter of 2003 through the fourth quarter of 2006 indicates that the bank meets the standards for satisfactory performance. The bank's average loan-to-deposit ratio for these sixteen quarters was 65.36%, ranging from 59.38% to 72.01%. This ratio is below the average quarterly ratios of similarly situated banks in the Maryland, Virginia, and Washington DC of similar asset size. The custom peer average was 81.46% with average ratios during the period ranging from 57.41% to 123.14%. The custom peer group consisted of Maryland, Virginia, and Washington DC banks with total asset between \$253 million and \$362 million. Taking into consideration MBT is competing with 561 mortgage lenders in the MSA portion of their AA and 376 mortgage lenders in the Non-MSA portion of their AA, MBT's performance is reasonable.

Lending in AA

MBT's lending in the AA exceeds the standards for satisfactory performance. A substantial majority of MBT's loans were originated in the combined AAs. During the evaluation period, 94% of the number of HMDA loans, 92% of the number of small loans to businesses, and 94% of the consumer loans were originated in the bank's combined AA.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

MBT's record of lending to borrowers of different incomes and to businesses of different sizes exceeds the standard for satisfactory performance.

Home Mortgage Lending

Southern Maryland MSA

MBT's record of lending to borrowers of different incomes exceeds the standards for satisfactory performance in the Southern Maryland MSA.

During the 2003 Evaluation Period, the percentage of loans originated to both low- and moderate-income borrowers is similar to the percentage of low- and moderate-income families in the AA. When considering the affordability of housing, this performance is excellent. There is a

lack of affordability for a low-income individual or family to purchase a home when the median cost of housing was \$163,671, and a low-income individual or family earns less than \$42,400.

During the 2004-2006 Evaluation Period, the percentage of loans originated to both low- and moderate-income borrowers is greater than the percentage of low- and moderate-income families in the AA. When considering the affordability of housing, this performance is excellent. There is a lack of affordability for a low-income individual or family to purchase a home when the median cost of housing was \$163,671, and a low-income individual or family earns less than \$44,100.

St. Mary’s County Non-Metropolitan Statistical Area

MBT’s record of lending to borrowers of different incomes meets the standards for satisfactory performance in the St. Mary’s County Non-MSA.

During the 2003 Evaluation Period, the percentage of loans originated to low-income borrowers is less than the percentage of low-income families in the AA. The percentage of loans originated to moderate-income borrowers is similar to the percentage of moderate-income families in the AA. The median family income was \$48,534, and the HUD updated Median family income was \$54,700. There is a lack of affordability for a low-income individual or family to purchase a home when the median cost of housing was \$146,907, and a low-income individual or family earns less than \$27,350. When considering the affordability of housing, this performance meets the standards for satisfactory performance.

During the 2004-2006 Evaluation Period, the percentage of loans originated to low-income borrowers is less than the percentage of low-income families in the AA. The percentage of loans originated to moderate-income borrowers is similar to the percentage of moderate-income families in the AA. When considering the affordability of housing in the AA, this performance is satisfactory. The median family income was \$50,103, and the HUD updated MSA median family income is \$61,500. There is a lack of affordability for a low-income individual or family to purchase a home when the median housing value is \$146,907, and a low-income individual or family earns less than \$30,750. When considering the affordability of housing, this performance meets the standards for satisfactory performance.

Borrower Distribution of Residential Real Estate Loans in Southern Maryland MSA- January 1, 2003 – December 31, 2003								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans						
Home Mortgage	16	17	20	19	27	28	37	25

*No information was available for 11% of the loans originated and purchased

Borrower Distribution of Residential Real Estate Loans in Southern Maryland MSA January 1, 2004 – December 31, 2006
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Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Mortgage	16	28	19	21	27	23	38	23

* No information was available for 5% of the loans originated and purchased

Borrower Distribution of Residential Real Estate Loans in St. Mary's County Non-MSA- January 1, 2003 – December 31, 2003								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Mortgage	12	8	13	12	21	18	54	57

*No information was available for 5% of the loans originated and purchased

Borrower Distribution of Residential Real Estate Loans in St. Mary's County Non-MSA- January 1, 2004 – December 31, 2006								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Mortgage	12	4	14	12	22	21	51	55

*No information was available for 8% of the loans originated and purchased

Borrower Distribution of Loans to Businesses

Southern Maryland MSA

The distribution of small loans to businesses meets the standards for satisfactory performance. During the 2003 Evaluation Period, the percentage of small loans to businesses is greater than the percentage of businesses in the AA. During the 2004-2006 Evaluation Period, the percentage of small loans to businesses is similar to the percentage of businesses in the AA.

St. Mary's County Non-Metropolitan Statistical Area

The distribution of small loans to businesses exceeds the standards for satisfactory performance. During the 2003 Evaluation Period, the percentage of small loans to businesses is greater than the percentage of businesses in the AA. During the 2004-2006 Evaluation Period, the percentage of small loans to businesses is greater than the percentage of businesses in the AA.

Borrower Distribution of Loans to Businesses in Southern Maryland MSA- January 1, 2003 – December 31, 2003				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of Businesses in MSA	68%	4%	28%	100%
% of Bank Loans in MSA by #	75%	25%	0%	100%
% of Bank Loans in MSA by \$	60%	40%	0%	100%

Borrower Distribution of Loans to Businesses in Southern Maryland MSA January 1, 2004 – December 31, 2006				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of Businesses in MSA	70%	4%	26%	100%
% of Bank Loans in MSA by #	70%	30%	0%	100%
% of Bank Loans in MSA by \$	57%	43%	0%	100%

Borrower Distribution of Loans to Businesses in St. Mary's County Non-MSA - January 1, 2003 – December 31, 2003				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of Businesses in Non-MSA	64%	5%	31%	100%
% of Bank Loans in Non-MSA by #	78%	22%	0%	100%
% of Bank Loans in Non-MSA by \$	75%	25%	0%	100%

Borrower Distribution of Loans to Businesses in St. Mary's County Non-MSA – January 1, 2004 – December 31, 2006				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of Businesses in Non-MSA	64%	5%	31%	100%
% of Bank Loans in Non-MSA by #	77%	23%	0%	100%
% of Bank Loans in Non-MSA by \$	73%	27%	0%	100%

Consumer Lending

Southern Maryland MSA

MBT's record of lending to borrowers of different incomes exceeds the standards for satisfactory performance in the Southern Maryland MSA.

During the 2003 Evaluation Period, the percentage of loans originated to low-income borrowers significantly exceeded the percentage of low-income households in the AA. The percentage of loans originated to moderate-income borrowers is greater than the percentage of households in the AA.

During the 2004-2006 Evaluation Period, the percentage of loans originated to low-income borrowers significantly exceeded the percentage of low-income households in the AA. The percentage of loans originated to moderate-income borrowers is greater than the percentage of households in the AA.

St. Mary's County Non-Metropolitan Statistical Area

MBT's record of lending to borrowers of different incomes exceeds the standards for satisfactory performance in the St. Mary's County Non-MSA.

During the 2003 Evaluation Period, the percentage of loans originated to both low- and moderate-income borrowers significantly exceeded the percentage of low- and moderate-income households in the AA.

During the 2004-2006 Evaluation Period, the percentage of loans originated to both low- and moderate-income borrowers significantly exceeded the percentage of low- and moderate-income households in the AA.

Borrower Distribution of Consumer Loans in Southern Maryland MSA January 1, 2003 – December 31, 2003								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	17	41	17	20	24	18	42	20

Borrower Distribution of Consumer Loans in Southern Maryland MSA January 1, 2004 – December 31, 2006								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	17	37	17	22	24	19	42	21

Borrower Distribution of Consumer Loans in St. Mary's County Non-MSA AA January 1, 2003 – December 31, 2003								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	13	25	12	23	18	17	57	35

Borrower Distribution of Consumer Loans in St. Mary's County Non-MSA January 1, 2004 – December 31, 2006								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	13	21	12	25	18	18	57	34

Geographic Distribution of Loans

The geographic distribution of loans exceeds the standards for satisfactory performance.

Home Mortgage Lending

Southern Maryland MSA

The geographic distribution of home purchase loans exceeds the standards for satisfactory performance.

There were no low-income geographies during the 2003 and the 2004-2006 Evaluation Periods. During the 2003 Evaluation Period, the percentage of lending in moderate-income geographies is greater than the percentage of owner-occupied housing in these geographies. During the 2004-2006 Evaluation Period, the percentage of lending in moderate-income geographies is greater than the percentage of owner-occupied housing in these geographies. This performance is excellent when considering the limited opportunities for a financial institution to lend in moderate-income geographies.

St. Mary's County Non-Metropolitan Statistical Area

There were no low-income geographies during the 2003 and the 2004-2006 Evaluation Periods. Furthermore, there were only .03% of owner-occupied housing units located in moderate-income geographies; therefore, an analysis would not be meaningful and was not performed.

Geographic Distribution of Residential Real Estate Loans in Southern Maryland MSA- January 1, 2003 – December 31, 2003								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home Mortgage	0	0	7	13	83	82	10	5

Geographic Distribution of Residential Real Estate Loans in Southern Maryland MSA- January 1, 2004 – December 31, 2006								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home Mortgage	0	0	7	15	78	81	15	4

Geographic Distribution of Residential Real Estate Loans in St. Mary's County Non-MSA January 1, 2003 – December 31, 2003								
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Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Mortgage	0	0	.03	0	31	41	69	59

Geographic Distribution of Residential Real Estate Loans in St. Mary's County Non-MSA January 1, 2004 – December 31, 2006								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Mortgage	0	0	0.03	0	31	41	69	59

Small Loans to Businesses

Southern Maryland MSA

The geographic distribution of small loans to businesses exceeds the standards for satisfactory performance.

There were no low-income geographies during the 2003 and the 2004-2006 Evaluation Periods. During the 2003 Evaluation Period, the percentage of small loans to businesses in moderate-income geographies is similar to the percentage of businesses in these geographies. During the 2004-2006 Evaluation Period, the percentage of small loans to businesses in moderate-income geographies is greater than the percentage of businesses in these geographies.

St. Mary's County Non-Metropolitan Statistical Area

The geographic distribution of small loans to businesses meets the standards for satisfactory performance.

There were no low-income geographies during the 2003 and the 2004-2006 Evaluation Periods. During the 2003 Evaluation Period, the percentage of small loans to businesses in moderate-income geographies is similar to the percentage of businesses in these geographies. During the 2004-2006 Evaluation Period, the percentage of small loans to businesses in moderate-income geographies is somewhat less than the percentage of businesses in these geographies.

Geographic Distribution of Loans to Businesses in Southern Maryland MSA January 1, 2003 – December 31, 2003								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans						
Small Business	0%	0%	12	13	75	80	13	7

Geographic Distribution of Loans to Businesses in Southern Maryland MSA January 1, 2004 – December 31, 2006								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	0	0	11	17	72	71	17	12

Geographic Distribution of Loans to Businesses in St. Mary's County Non MSA January 1, 2003 – December 31, 2003								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans						
Small Business	0	0	4	3	34	40	62	57

Geographic Distribution of Loans to Businesses in St. Mary's County Non-MSA January 1, 2004 – December 31, 2006								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans						
Small Business	0	0	4	2	32	40	64	58

Consumer Lending

Southern Maryland MSA

The geographic distribution of consumer lending exceeds the standards for satisfactory performance. There were no low-income geographies during the 2003 and the 2004-2006 Evaluation Periods. During the 2003 Evaluation Period, the percentage of lending in moderate-income geographies is similar to the percentage of households in these geographies. During the

2004-2006 Evaluation Period, the percentage of lending in moderate-income geographies is greater than the percentage of households in these geographies. This performance is excellent when considering the limited opportunities for a financial institution to lend in moderate-income geographies.

St. Mary’s County Non-Metropolitan Statistical Area

The geographic distribution of consumer lending meets the standards for satisfactory performance. There were no low-income geographies during the 2003 and the 2004-2006 Evaluation Periods. During the 2003 Evaluation Period, the percentage of lending in moderate-income geographies is less than the percentage of households in these geographies. During the 2004-2006 Evaluation Period, the percentage of lending in moderate-income geographies is less than the percentage of households in these geographies. This performance is satisfactory when considering there are less than 1,000 households in this one moderate-income geography.

Geographic Distribution of Consumer Loans in Southern Maryland MSA January 1, 2003 – December 31, 2003								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	0	0	9	10	82	83	9	7

Geographic Distribution of Consumer Loans in Southern Maryland MSA January 1, 2004 – December 31, 2006								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	0	0	9	14	77	75	13	11

Geographic Distribution of Consumer Loans in St. Mary’s County Non-MSA AA January 1, 2003 – December 31, 2003								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	0	0	3	.88	36	49	61	50

Geographic Distribution of Consumer Loans in St. Mary's County Non-MSA January 1, 2004 – December 31, 2006								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	0	0	3	.88	36	48	61	51

Responses to Complaints

The bank has not received any CRA-related consumer complaints since the last CRA examination.

Community Development Test

MBT's community development performance demonstrates adequate responsiveness to the community development needs of the bank's AA considering the bank's capacity and the availability of opportunities for community development. Based upon our discussions with management, community contacts, and internal research, there are limited opportunities for CD loans and investments in both the Southern Maryland MSA and the St. Mary's County Non-Metropolitan Statistical Area.

Southern Maryland MSA

Number and amount of CD loans

MBT made no CD loans during the evaluation period.

Number and amount of qualified investments

During the evaluation period, MBT made 34 grants and donations for a total of \$20 thousand to 13 organizations that provide economic development, affordable housing, and community services targeted to low- and moderate-income individuals.

Extent to which the bank provides CD services

During the evaluation period, three bank officers provided financial expertise to two qualified CD organizations. In addition, four employees and bank officers participated in four different round table discussion boards that focused on economic development and small business lending.

St. Mary's County Non-Metropolitan Statistical Area

Number and amount of CD loans

During the evaluation period, MBT made a \$1.6 million dollar loan to a non-profit organization whose primary purpose is to provide community services to low- and moderate-income individuals. The funds were used to refinance one of the properties the organization uses to provide community services to low- and moderate-income individuals.

In addition, MBT originated 32 loans for a total of \$9.4 million to businesses who are located in the Lexington Park Enterprise Zone. These loans helped to revitalize and stabilize the Lexington Park business district. All of these loans were under \$1 million and were appropriately reported in MBT's CRA small business loan data; therefore, they do not qualify as a CD loan.

Number and amount of qualified investments

During the evaluation period, MBT made 15 grants and donations for a total of \$31 thousand to 5 organizations that provide economic development, affordable housing, and community services to low- and moderate-income individuals.

Extent to which the bank provides community development services

One bank employee serves as the Treasurer of an organization that provides housing for the homeless.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discrimination or other illegal credit practices.